

**TOP FY 2000  
Project Narrative**

**California State University Fresno Foundation**

**Grant # 06-60-00019  
Fresno, CA**

**VENTURE CITY ONLINE is a cross-cutting initiative application under Community Networking Services and secondarily, Lifelong Learning and the Arts.**

## **1. Project Purpose**

Fresno County needs jobs. This project is needed because Fresno County, marked by explosive population growth, high poverty rates and an economy dependent upon the seasonal nature of agriculture is unable to create enough jobs to offset double-digit unemployment rates. So dire are the economic circumstances that Gov. Gray Davis noted in the Governor's Budget Summary that "Although California has an exceptional economy, the economic blessings have not fallen equally..." While California and most of the nation have enjoyed unparalleled economic growth - California jobless rates fell to 5.0 percent and the nation's were pegged at 4.1 percent - Fresno County remains mired in poverty rates of 30 percent; its jobless rate in February was 15.1 percent, among the highest in the state. In rural areas, and areas within the city of Fresno, jobless rates exceed 35 percent. Economic challenges in Fresno County are indicative of the economic issues facing the 4 million people of California's Central Valley as a whole, evidenced by the lag in employment growth compared with the galloping increases in population.

The goal of this project is to provide economic solutions through entrepreneurial training and business incubation that will address the economic needs of rural communities, and especially minority residents in Fresno County, which are historically under-served by gains in the economy and technology. Venture City Online will have the capacity to serve 857,000 people within a geographic area comprised of Fresno County, located in the central San Joaquin Valley of California. The city of Fresno, with a population of 405,000, is the largest urban area.

Training and business consulting programs through Fresno State and its related programs are offered through live instruction. Participants must travel to Fresno to take the courses. Low income rural job seekers, with low income and poor public transportation options, are unable to take advantage of such programs and thus are relegated to the limited menu of local training programs. Customers who are employed, even on a part-time basis, lack the freedom to attend the intensive daytime and evening programs. To tackle these problems, we seek TOP assistance to employ interactive technologies in a pilot project involving 345 persons in Fresno and Fresno County to change the access, geographic, and time constraints experienced by rural and inner city residents who heretofore have been unable to take advantage of business training and consulting programs.

Despite the area's economic challenges, we also have the resources and expertise required to effect significant change. This project is loosely modeled after Philadelphia Enterprise Center's West Philadelphia Interactive Business Network. Our target audience, however, has a significant Hispanic component and is scattered over a wide 6,000 square mile geographic region. With its partners, Fresno State has an excellent track record in supporting entrepreneurship through the Sid Craig School of Business and the Entrepreneurial Resource Center (ERC) and small-business growth through the Small Business Development Center (SBDC). Fresno State is a partner in the Central Valley Business Incubator (CVBI), the only such incubator in an eight-county area.

CVBI and Fresno State's youth and adult entrepreneurship programs are collaborative efforts among several organizations and service providers, including Fresno State, (one of the largest Hispanic-

Serving Institutions in the United States), the ERC, Central California Small Business Development Center, Outsourcing Databank, Fresno Business Council, Center for Advanced Research and Technology, and the Fresno Workforce Development Board, and grants and contracts from the California Trade and Commerce Agency, Coleman Foundation, Kauffman Foundation, Wells Fargo Bank, Pacific Gas and Electric and the Great Valley Center. [See attached descriptions of Fresno State resources.]

This project is also critical to a pending outreach and training initiative with the California Trade and Commerce Agency. We are in the process of developing CALWIRE, the goals of which are to provide Internet access through Fresno State Internet project, E-commerce and entrepreneurial training and fund development in rural areas throughout the state. CALWIRE also provides matching funds. [See attached CALWIRE description and map.] [See attached commitment letter] The intent is to pilot this project in Fresno County for an eventual roll-out to include rural areas in the state of California. State funding will allow this project to be self-sufficient after the second year.

## **2. Innovation**

Delivering business incubation services and entrepreneurial training online directly to the poor and underserved to combat poverty and unemployment is new both to the collaborative and the audience it seeks to serve. Although distance learning is decades old, it is still largely limited to academic programs and does little to bridge the digital divide chasm between the “haves” and “have-nots.” Compounding the problem is that while Fresno State’s entrepreneurial training and business incubation services have been successful in developing 200 new businesses and 300 new jobs over three years, [See attachment with success stories], the service has been limited to person-to-person instruction with beneficiaries required to travel to Fresno to take the courses. In many cases, rural and inner-city residents lack access to both technology and transportation to utilize these services.

Venture City Online will significantly alter these disparities in services to inner-city and rural areas by offering residents, including young people, the training and support necessary to start a new business or grow an existing business or startup venture. Venture City Online incorporates proven technologies. The basic web structure for adult and youth entrepreneurship training will be adapted from WebCT, a Canadian web instructional management system that is in wide use throughout North America. WebCT is the most popular Web course platform in higher education today. More than 33,000 instructors at over 1,100 colleges and universities use WebCT to deliver over 123,000 courses to more than 5.2 million student accounts in 51 countries. It is easy to use and does not require high-end technology. Through practice and follow-up studies, we have learned that academic content is often best presented in a hybrid Web/CD-ROM format, where the CD contains supplemental video. CD-ROM production prices are now so low that this is a good way to bypass network bandwidth limitations and provide high-quality video segments on demand.

In addition, customers will initially attend a workshop to familiarize themselves with the program and the uses of technology. They will also receive an instructional package of print, CDS, and web instructions. The project will assist students secure an Internet Service Provider by providing access to the Fresno State's Internet project. The project will provide students with all necessary technology, and it will have a help desk to provide technology support for the youth and adult

entrepreneurial trainees and virtual incubator tenants. Consulting and technical assistance services will take place through an entrepreneurs/business incubation web site already being developed by Fresno State. The Venture City Online site will become the portal for online, interactive training and consulting delivery and will be used to disseminate information, success stories, progress and results. Venture City Online is comprised of three core components that will be expanded to include inner-city and outlying rural residents. Venture City Online is designed for access through a simple, Web-based interface, which will make interactive design easy and enable the project to leverage the rapidly growing knowledge base of people who are familiar with Web browsers. Through aggressive outreach and training, we will train budding youth and adult entrepreneurs, and build and grow thriving new start-ups.

#### **A. Venture City Online Youth**

The Central Valley High School Entrepreneurship Program at the Sid Craig School of Business will teach entrepreneurship to 225 high school seniors. Groups of students from various county high schools will be identified and together will identify a business “need” in their community. Through online workshops and instruction from faculty, students will build a business plan over the course of a year and present it in the spring. Each student completing the program will receive one unit of credit at California State University. College students in the entrepreneur program will facilitate the efforts of the high school teams by serving as “mentors” to provide guidance, instruction, and knowledge about business plan construction. We will work with high schools with appropriate access to computers; Internet connections will be provided through Fresno State.

#### **B. Venture City Online Affiliated Tenants**

Through the Incubator, the program will provide six start-up companies with interactive web-based programs. The Incubator will select tenants according to criteria development. They will be provided with valuable consulting resources such as access to e-commerce servers, domain name registration, the faculty database to find Ph.D.s interested in consulting with entrepreneurs, a consultant database containing a broad spectrum of experts, access to an MBA Internship Program, training and access to the Outsourcing Databank, online workshops and classes on how to raise money, workshops on idea feasibility, marketing, accounting basics, and online counseling. (See attached information on the Affiliated Tenant Program.)

#### **C. Venture City Online Entrepreneurs**

Potential entrepreneurs living in the inner city and rural cities will be provided Internet access and a computer. Instead of driving to the city to access a program, the customer would receive an assessment of the viability of an idea, access the training online and be provided with chat rooms and one-on-one consultation to fully develop a business plan. The entrepreneurship training component will consist of a series of Web-based courses with video presentations that will be delivered by CD and some limited video streaming, depending on bandwidth available, to 200 either in their homes or at One Stop centers located in within the county. Staff and faculty will select students on the basis of the viability of their ideas. This project will require conversion of two curriculum components: *E-commerce* and *the Entrepreneurial Training Program*. Distributed learning products will be used to teach business start up/acquisition, accounting and records,

marketing, sources of capital, financial analysis/cost, business plan development and e-commerce. This component will consist of a series of video presentations that will be delivered by CD and some limited video streaming, depending on bandwidth available, to students either in their homes or at One Stop centers located in the county.

All components offer access to a panel of highly qualified staff and consultants to provide business counseling to those participating in the Virtual Tenant program. Business counseling is provided at the Incubator in order to introduce small businesses and start-ups to the services offered by the Incubator, Small Business Development Center, programs and services through the University Business Center and Fresno State's Sid Craig School of Business. In addition to facilitating connectivity, this proposal will address obstacles to service delivery to rural locations. The information technology provided by the Incubator and Fresno State will be used to create a closely knit network of shared information resources, common systems, and collaborative communication capabilities to connect the system and its customers. By facilitating a truly regional network, we envision creating a whole that is greater than the sum of its parts.

### **3. Diffusion Potential**

Inclusion of regional ramifications is centered in the uniqueness of the Central San Joaquin's geographic and economic similarities. The dual problems that Fresno County must confront (lack of jobs and significant population growth), sadly, are not limited to our county. California's Stanislaus, Merced, Madera, Tulare, Kings and Kern counties are all dependent in large measure upon the seasonal nature of agriculture. All struggle with high jobless and poverty rates. All have rich, diverse cultures that include high numbers of Hispanics and Southeast Asians. Venture City Online will be piloted in the first two years in Fresno County, then replicated in rural areas throughout the Central Valley.

We believe replication of this project is very likely because of the cost-effectiveness of Web-based distributed learning versus conventional distance learning using compressed video. A recent report from the Academic Innovation Center at Fresno State said the university has "built an enviable distance learning program using compressed video as a technology." The report noted that despite overall support for compressed video distance learning, it is expensive, costing approximately \$4,600 per student. In general, throughout the country, distance learning has not shown itself to save money. Expanding this technology would be both costly and difficult. The report concluded "...the real growth area for technology-mediated learning is with asynchronous distributed learning that reaches students wherever an Internet-capable computer is available." This is particularly important when the population is rural and dispersed, as in Fresno and surrounding counties.

Attainment of milestones and benchmarks will be noted in periodic evaluations distributed to all participating partners as well as to the California Trade and Commerce Agency and the U.S. Department of Commerce, and additional outreach will be achieved through the Venture City Online and university websites; through the newspaper and radio media, such as *The Fresno Bee*, the newspaper with the largest circulation in the Valley, and *Radio Bilingue*, the Spanish/English public radio station; and through a variety of other community and professional presentations.

### **4. Project Feasibility**

**Technical Approach:** The project has several technical components:

**Desktop Computers, Software, and Internet Access.** Project participants will be provided with desktop computers, standard business software (Microsoft Office), videoconferencing cameras, and printers for their location. All participants will receive an Internet account through CSUF. Affiliated Tenants and Entrepreneurs will receive a registered business domain name and Web space, with access to e-commerce software through the Incubator. Project staff will receive some additional equipment to enable videoconferencing with participants.

**High-bandwidth Internet Connection.** All participants will receive a high-bandwidth Internet connection, via DSL where available. In areas where DSL is not available, ISDN or satellite connections will be established.

**Web-based Training.** Web-based, online courses will be developed for training in E-commerce and the Entrepreneurial Training Program. These WebCT courses will be accessible from the project's Web site, which will be hosted by one of the project partners. Courses will be available in English and Spanish.

**Web-based Mentoring and Consulting.** We will use standard Internet technologies to provide text-based (e-mail and chat room) links among project participants and between participants and a pool of mentors and consultants drawn from our partner organizations. Point-to-point and multipoint desktop videoconferencing will also be supported.

**Other Web-based Services.** In addition to training courses developed specifically for this project, the Venture City Online Web site will provide information and support for all aspects of the project. An online directory of project participants and partners, technical documentation and support for the project components, and links to entrepreneurial training and information resources both within and outside the Venture City Online partnership will make the site a valuable portal for the local entrepreneurial community. For those who are ready, we will also provide more sophisticated services, including E-commerce and shared database services.

**Interoperability:** This project is being designed so that the only technical requirements are Internet access and a PC with a Web browser and Microsoft Office. Our technical standards are very basic: TCP/IP, SMTP, HTML, and, for videoconferencing, H.323.

**Technical Alternatives.** There are several possibilities for high-speed Internet service in the area. We will use commercial DSL service through Pacific Bell where available, but for many parts of the county, DSL is not likely to be available within the next one to two years. For those areas, we plan to use ISDN service or DirectPC satellite service. Within the time frame of this project, we expect additional satellite options to become available. Since no proprietary network standards are involved, we will be well positioned to select the best available alternative on a case-by-case basis. As we have discussed above, we decided to provide Web-based training courses because it will provide far greater access for those in need and is a more cost-effective and scalable alternative to conventional videoconferencing distance learning. A variety of Web servers will be used to host various project services. The main project Web site will be hosted on a Unix or NT based server at one of the partner's locations. Fresno State will host WebCT courses, and e-commerce and other

specific business services are likely to be housed on a server at the Incubator. Again, by using Internet standards we have the flexibility to host different components in the location that makes the most sense—and move them if necessary.

**Scalability.** Web servers that will be used to provide information and services are easily scalable as needed. Any business-grade PC will be sufficient to power the client applications. The most difficult piece of the puzzle in rural areas is network bandwidth. For effective videoconferencing, ISDN is a minimum. DirectPC is marginal because of upstream bandwidth constraints. DSL is ideal. We will install ISDN service as necessary, while hoping that DSL and two-way satellite service will come on line rapidly in our service area. The number of participants served and geographic area could also be expanded readily, but the human support structure (mentors, consultants, teachers, and technical support) will have to be scaled up to support larger numbers.

**System Maintenance.** As more Internet connectivity options become available, we expect bandwidth to get faster and cheaper. This will enable greater and more effective use of streaming video and videoconferencing. By avoiding long-term network contracts, we will be able to take advantage of these developments as they occur. Desktop PCS will be purchased with onsite maintenance contracts. Web servers will be maintained and supported by the hosting partner agencies, but if necessary, these could be outsourced.

CSUF has been integrally involved in several recent initiatives designed to solve Fresno County's economic issues. Fresno State was recently awarded a major planning grant by the Kellogg Foundation to encourage young Hispanics to pursue higher education. We have been awarded more than \$1 million in state One Stop grants to provide connectivity among six county One Stops and will be carrying out the CALWIRE technology initiative with the California Trade and Commerce Agency. Fresno State will provide Internet access, E-commerce training and fund development among Central Valley counties. Our involvement in these projects has taught us the need for widespread community understanding in development and implementation by assuring that project partners and the communities they will serve are involved in jointly carrying out the goals and objectives. We plan to conduct a widespread recruitment and training campaign to help residents access the technology and services available to them.

The implementation team is comprised of individuals and faculty from the University Business Center, the Central Valley Business Incubator, the ERC and the Academic Innovation Center. All have actively participated in the One Stop implementation grants, the California Trade and Commerce CALWIRE initiative and development of the entrepreneurial courses. [Refer to summary of qualification of the project team in the attachments.]

## 5. Community Involvement

Planning for this project has involved great attention to community needs. A report by Fresno State in December 1998 clearly shows a ready audience for delivery of entrepreneurial training.<sup>1</sup> Overall, more than half of the respondents stated they are somewhat or highly likely to attend a nine-week course on how to start a business (56.2%). Specifically, one out of three (34.2%) indicated it was highly likely they would attend. Another study, *The Economic Future of the San Joaquin Valley*, recommended six strategies necessary for the San Joaquin Valley to compete in the global economy.<sup>2</sup> Among the recommendations was Stimulate New Economy Entrepreneurship, which noted: “The cultivation of homegrown industry is central to the new economy vision of the San Joaquin Valley. Entrepreneurs need both to recognize opportunity and have the capacity to exploit it.... The San Joaquin region needs to take seriously the challenge of stimulating entrepreneurial behavior in its current workforce and encouraging the next generation of business entrepreneurs.”

## 6. Reducing Disparities in “The Other California”

The fact is, access to technology is among the most pressing concerns if the rural areas are to become competitive in the 21<sup>st</sup> century. Access to technology also is a major challenge we face in implementation of this project. The following example is indicative of the lack of awareness of technology advances; educating rural and inner-city customers about the uses of technology is a major outcome of Venture City Online. A recent report published by Fresno State on west-side growers<sup>3</sup> identified a myriad of technological advances available for use or testing within the \$3 billion a year agricultural industry. But very telling was the report’s observation that although technological information is readily available on the Internet, *95 percent of the survey respondents never access the Internet for information*. “When asked how they find out about new technologies,” the report said, “growers predominantly said ‘from other growers.’”

This proposal represents the most innovative approaches to date to respond to the steep economic challenges faced by one of the poorest counties in the United States. It represents a partnership

---

<sup>1</sup> A random sample of residents of the five communities of Firebaugh, Kerman, Mendota, San Joaquin, and Tranquility were contacted by phone to assess job skills, potential for starting a business, and evaluation of general business conditions. A total of 455 people responded to the survey. Residents were then asked “have you ever thought about starting a business?” More than one out of three (35.0%) of the residents in the sample have thought about starting a business. All respondents were asked “if a free nine-week course to show you how to start a business was offered in your community in the next year, how likely is it you would attend? Is it highly likely, somewhat likely, or not at all likely that you would attend?” *I-5 Business and Residential Survey, December 1, 1998* by Drs. Timothy M. Stearns, Edward Nelson and Scott Hauser, California State University, Fresno

<sup>2</sup> *The Economic Future of the San Joaquin Valley*, prepared by Collaborative Economics for New Valley Connexions, a partnership of the Great Valley Center and the Office of Strategic Technology, California Trade and Commerce Agency. New Valley CONNEXIONS is a project partnership with the California Trade and Commerce Agency focusing on identifying and enhancing technology development opportunities in the San Joaquin Valley.

<sup>3</sup> From the I-5 Business Development Corridor report, September 1999, assessing the competitive position of agricultural cluster firms in the I-5 BDC and identifying the possible areas of need for technical assistance.



committed to providing long-term opportunity throughout the valley utilizing distance learning. A variety of studies have pointed to the need for this type of outreach, and this proposal provides a specific plan to address the need. If enacted as planned, the network will become a fundamental structural component in the delivery of services for decades to come. Rural and inner city residents will be able to access valuable programs and services that will help lead to economic self sufficiency and job creation.

## **7. Significance**

One clear example of how profoundly Venture City Online could have an impact on disparities is the city of Mendota, located on Fresno County's west side. This rural city with a largely Hispanic population depends on seasonal jobs produced by agriculture. Corrections Corporation of America is planning a correctional facility that will provide this city that averages 30-40 percent unemployment with 200 new jobs. A December 1998 study<sup>3</sup> by CSUF pointed to the potential for entrepreneurship. With web access, residents could access technical assistance and training conducted online to develop a new business or expand an existing one to serve the needs of the prison. Mendota is one of dozens of small, rural cities in need of help. Many other small cities also depend on agriculture and prison construction to survive. The distributed learning and computer technology in the delivery entrepreneurial training and incubation services to these particular rural areas provides a compelling tool to combat persistent double-digit unemployment. The technology will allow for widespread replication in surrounding counties and the region as a whole. In the long run, this coordination and sharing of resources will undoubtedly lead to cost savings, quality enhancement, and expanded outreach to audiences most in need of services. [See Milestones and summary timelines in the appendix.]

## **8. Evaluation and Documentation**

The long-term vision is that Venture City Online will be extended beyond Fresno County to accommodate the entire eight-county San Joaquin Valley and eventually, to the entire 19-county Central Valley. The Social Policy Research Laboratory at Fresno State will conduct two extensive telephone customer satisfaction surveys for this project. We anticipate between 250-400 customers to respond to the survey regarding the training and quality of services they received. Of these, we will target 75-100 responses from those participating via the distributed learning network. Respondents will be asked a variety of questions related to the adequacy of staffing, the quality of training, increase in the number of new start-up businesses, increases in revenues, the variety of training offered, the degree to which these services are increasing their understanding of economic possibilities open to them, and the ease with they have been able to make use of the new technology to meet their business goals. Approximately 25 questions will be asked. Representative questions will include: To what degree have you utilized technology to advance business growth? Has the use of this technology been easy for you, or has it been difficult? Do you need more training to use this system? Has using this technology improved your ability develop/expand your business?

We will conduct focus groups of customers who utilize the new technology. We will also hire an independent evaluator to conduct interim and summative evaluation of all project activities related

to the grant. S/he will review all objectives as outlined in the proposal, measure the level of accomplishment, make interim written assessments of the progress as well as recommendations for reformulation of objectives as needed. The evaluator will analyze all telephone questionnaires and the tape-recorded focus groups. All activities will be summarized and assessed in a final written report to be submitted to the U.S. Department of Commerce, the project director, and all participating organizations.